Internal Revenue Service, Treasury

§ 1.812-7 Application of subtitle A and subtitle F.

Section 812(f) provides that except as modified by section 809(e) (relating to modifications of deduction items otherwise allowable under subtitle A of the Code) subtitles A and F of the Code shall apply to operations loss carrybacks and carryovers, and to the operations loss deduction, in the same manner and to the same extent that such subtitles apply in respect of net operation loss carrybacks, net operating loss carryovers, and the net operating loss deduction of corporations generally. For the computation of the operations loss carrybacks and carryovers, and of the operations loss deduction in the case of certain acquisitions of the assets of a life insurance company by another life insurance company, see section 381(c)(22) and the regulations thereunder.

[T.D. 6535, 26 FR 539, Jan. 20, 1961]

$\S 1.812-8$ Illustration of operations loss carrybacks and carryovers.

The application of §1.812–4 may be illustrated by the following example:

(a) Facts. The books of M, a life insurance company, organized in 1940, reveal the following facts:

Taxable year	Taxable in- vestment income	Gain from operations	Loss from operations
1958	\$11,000	\$15,000	
1959	23,000	30,000	
1960			(\$75,000)
1961	25,000	20,000	
1962			(150,000)
1963	22,000	30,000	
1964	40,000	35,000	
1965	62,000	75,000	
1966	25,000	17,000	
1967	39,000	53,000	

The gain from operations thus shown is computed without regard to any operations loss deduction. The assumption is also made that none of the other modifications prescribed in paragraph (b) of §1.812–5 apply. There are no losses from operations for 1955, 1956, 1957, 1968, 1969, 1970.

- (b) Loss sustained in 1960. The portions of the \$75,000 loss from operations for 1960 which shall be used as carrybacks to 1958 and 1959 and as carryovers to 1961, 1962, 1963, 1964, and 1965 are computed as follows:
- (1) $Carryback\ to\ 1958$. The carryback to this year is \$75,000, that is, the amount of the loss from operations.

(2) Carryback to 1959. The carry	
year is \$60,000 (the excess of the	
over the offset for 1958), compute	
Loss from operations Less:	\$75,000
Offset for 1958 (the \$15,000 gain from	
erations for such year computed with the deduction of the carryback from 19	
Carryback	
(3) Carryover to 1961. The carry year is \$30,000 (the excess, if any for 1960 over the sum of the off and 1959), computed as follows:	y, of the loss
Loss from operations	\$75,000
Less: Offset for 1958 (the \$15,000 gain from operations for such year computed without the deduction of the carryback from 1960)	,000
Sum of offsets	 45,000
Carryover	
(4) Carryover to 1962. The carry year is \$10,000 (the excess, if any for 1960 over the sum of the off: 1959, and 1961), computed as follo	y, of the loss sets for 1958,
Loss from operations	
Offset for 1958 (the \$15,000 gain from operations for such year computed without the deduction of the carryback from 1960)	,000
the deduction of the carry- over from 1960 or the	
	,000
Sum of offsets	65,000
Carryover	10,000
(5) Carryover to 1963. The carry	yover to this
year is \$10,000 (the excess, if any	y, of the loss
for 1960 over the sum of the offs 1959, 1961, and 1962), computed as	

Loss from operations

\$15,000

Offset for 1958 (the \$15,000

gain from operations for

such year computed without

the deduction of the carryback from 1960)

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§ 1.812-8 Offset for 1959 (the \$30,000 gain from operations for such year computed without the deduction of the carryback from 1960 or the carryback from 1962) 30,000 Offset for 1961 (the \$20,000 gain from operations for such year computed without the deduction of the carry-over from 1960 or the carryback from 1962) 20,000 Offset for 1962 (a year in which a loss from operations was sustained) Sum of offsets 65,000 Carryover 10,000 (6) Carryover to 1964. The carryover to this year is \$0 (the excess, if any, of the loss from $1960\ \mathrm{over}$ the sum of the offsets for $1958,\,1959,\,$ 1961, 1962, and 1963), computed as follows: Loss from operations \$75,000 Less: Offset for 1958 (the \$15,000 gain from operations for such year computed without deduction of the the carryback from 1960) ... \$15,000 Offset for 1959 (the \$30,000 gain from operations for such year computed without the deduction of the carryback from 1960 or the carryback from 1962) Offset for 1961 (the \$20,000 gain from operations for such year computed without the deduction of the carry-over from 1960 or the carryback from 1962) Offset for 1962 (a year in which a loss from oper-20,000 ations was sustained) Offset for 1963 (the \$30,000 0 gain from operations for such year computed without the deduction of the carryover from 1960 or the carryover from 1962) 30,000 Sum of offsets 95,000 Carryover (7) Carryover to 1965. The carryover to this year is \$0 (the excess, if any, of the loss from 1960 over the sum of the offsets for 1958, 1959, 1961, 1962, 1963, and 1964), computed as follows: Loss from operations Less: Offset for 1958 (the \$15,000 gain from operations for such year computed without deduction of the carryback from 1960) \$15,000

Offset for 1959 (the \$30,000

gain from operations for

such year computed without

carryback from 1960 or the carryback from 1962)

deduction for the

Offset for 1961 (the \$20,000 gain from operations for such year computed without the deduction for the carry-over from 1960 or the carryback from 1962)	
over from 1962)	130,000
Carryover	0
(c) Loss sustained in 1962. The potthe \$150,000 loss from operations which shall be used as carrybacks 1960, and 1961 and as carryovers to 1 1965, 1966, and 1967 are computed as (1) Carryback to 1959. The carrybac year is \$150,000, that is, the amour loss from operations. (2) Carryback to 1960. The carrybac year is \$150,000 (the excess, if any, of from 1962 over the offset for 1959), cas follows:	for 1962 to 1959, 963, 1964, s follows: k to this nt of the k to this f the loss computed
Loss from operations Less:	\$150,000
Offset for 1959 (the \$30,000 gain from operations for such year reduced by the carryback to such year of \$60,000 from 1960, the carryback from 1962 to 1959 not being taken into account)	0
Carryback	150,000
(3) Carryback to 1961. The carrybac year is \$150,000 (the excess, if any, of from 1962 over the sum of the offsets and 1960), computed as follows:	f the loss
Loss from operationsLess:	\$150,000
Offset for 1959 (the \$30,000 gain from operations for such year reduced by the carryback to such year of \$60,000 from 1960, the carryback from 1962 to 1959 not being taken into account)	0
Sum of offsets	0
Carryback	150,000
(4) Carryover to 1963. The carryover year is \$150,000 (the excess, if any, of from 1962 over the sum of the offsets 1960, and 1961), computed as follows:	f the loss

Loss from operations

\$150,000

30,000

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Less:	Less:	
Offset for 1959 (the \$30,000	Offset for 1959 (the \$30,000	
gain from operations for	gain from operations for such year reduced by the	
such year reduced by the carryback to such year of	carryback to such year of	
\$60,000 from 1960, the	\$60,000 from 1960, the	
carryback from 1962 to	carryback from 1962 to	
1959 not being taken into	1959 not being taken into	
account) 0	account)	0
Offset for 1960 (a year in which a loss from oper-	Offset for 1960 (a year in which a loss from oper-	
ations was sustained) 0	ations was sustained)	0
Offset for 1961 (the \$20,000	Offset for 1961 (the \$20,000	
gain from operations for	gain from operations for	
such year reduced by the	such year reduced by the	
carryover to such year of \$30,000 from 1960, the	carryover to such year of \$30,000 from 1960 the	
carryback from 1962 to	carryback from 1962 to	
1961 not being taken into	1961 not being taken into	
account) 0	account)	0
0	Offset for 1963 (the \$30,000	
Sum of offsets 0	gain from operations for such year reduced by the	
Carryover 150,000	carryover to such year of	
	\$10,000 from 1960, the car-	
(5) Carryover to 1964. The carryover to this	ryover from 1962 to 1963	
year is \$130,000 (the excess, if any, of the loss	not being taken into ac-	20.000
from 1962 over the sum of the offsets for 1959,	count) Offset for 1964 (the \$35.000	20,000
1960, 1961, and 1963), computed as follows:	gain from operations for	
Loss from operations \$150,000	such year reduced by the	
Less:	carryover to such year of \$0	
Offset for 1959 (the \$30,000	from 1960, the carryover	
gain from operations for	from 1962 to 1964 not	35.000
such year reduced by the carryback to such year of	being taken into account)	35,000
\$60,000 from 1960, the	Sum of offsets	55,000
carryback from 1962 to		
1959 not being taken into	Carryover	95,000
1959 not being taken into account) 0		
1959 not being taken into account) 0 Offset for 1960 (a year in	(7) Carryover to 1966. Th	e carryover to this
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess.	e carryover to this , if any, of the loss
1959 not being taken into account) 0 Offset for 1960 (a year in	(7) Carryover to 1966. Th	e carryover to this, if any, of the loss the offsets for 1959,
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of	e carryover to this, if any, of the loss the offsets for 1959,
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows:	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows:	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows: Loss from operations Offset for 1959 (the \$30,000 gain from operations for	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows: Loss from operationsLess: Offset for 1959 (the \$30,000 gain from operations for such year reduced by the	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows: Loss from operations	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows: Loss from operationsLess: Offset for 1959 (the \$30,000 gain from operations for such year reduced by the	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows: Loss from operations	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as \$150,000
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows: Loss from operations	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as
1959 not being taken into account)	(7) Carryover to 1966. The year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows: Loss from operations	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as \$150,000
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows: Loss from operations	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as \$150,000
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows: Loss from operations Offset for 1959 (the \$30,000 gain from operations for such year reduced by the carryback to such year of \$60,000 from 1960, the carryback from 1962 to 1959 not being taken into account) Offset for 1960 (a year in which a loss from operations was sustained)	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as \$150,000
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows: Loss from operations	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as \$150,000
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows: Loss from operations	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as \$150,000
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows: Loss from operations	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as \$150,000
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows: Loss from operations	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as \$150,000
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows: Loss from operations	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as \$150,000
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows: Loss from operations	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as \$150,000
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows: Loss from operations	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as \$150,000
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows: Loss from operations	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as \$150,000
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows: Loss from operations	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as \$150,000
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows: Loss from operations	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as \$150,000
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows: Loss from operations	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as \$150,000
1959 not being taken into account)	(7) Carryover to 1966. Th year is \$20,000 (the excess from 1962 over the sum of 1960, 1961, 1963, 1964, and follows: Loss from operations	e carryover to this, if any, of the loss the offsets for 1959, 1965), computed as \$150,000

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(8) Carryover to 1967. The carryover to t year is \$3,000 (the excess, if any, of the l from 1962 over the sum of the offsets for 1960, 1961, 1963, 1964, 1965, and 1966), computed as follows: Loss from operations	Offset for 1965 (the \$/5,000 gain from operations for such year reduced by the carryover to such year of \$0 oss from 1960, the carryover from 1962 to 1965 not being taken into account) 75,000 Offset for 1966 (the \$17,000 gain from operations for
gain from operations for such year reduced by the	Sum of offsets
carryback to such year of	Sum of offsets
\$60,000 from 1960, the carryback from 1962 to	Carryover
1959 not being taken into account)	(d) Determination of operations loss deduction for each year. The carryovers and carrybacks computed under paragraphs (b) and (c) of this section are used as a basis for the computation of the operations loss deduction in the following manner:

Taxable year		Carryover		Carryback		Oper- ations
		From 1960	From 1962	From 1960	From 1962	loss de- ductions
1958				\$75,000		\$75,000
1959				60,000	\$150,000	210,000
1961		\$30,000			150,000	180,000
1963		10,000	\$150,000			160,000
1964			130,000			130,000
1965			95,000			95,000
1966			20,000			20,000
1967			3,000			3,000

[T.D. 6535, 26 FR 539, Jan. 20, 1961]

1961 not being taken into

account)

DISTRIBUTIONS TO SHAREHOLDERS

§ 1.815-1 Taxable years affected.

Sections 1.815-2 through 1.815-6, except as otherwise provided therein, are applicable only to taxable years beginning after December 31, 1957, and all references to sections of part I, subchapter L, chapter 1 of the Code are to

the Internal Revenue Code of 1954, as amended by the Life Insurance Company Income Tax Act of 1959 (73 Stat. 112), the Act of October 10, 1962 (76 Stat. 808), and the Act of October 23, 1962 (76 Stat. 1134).

[T.D. 6886, 31 FR 8689, June 23, 1966]